



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

June 26, 2000

Mr. Robert L. Steele
1075 North 400 East
Nephi, Utah 84648

Re: Updated Reclamation Estimate, Reclamation Contract and Transfers, Thomas J. Peck & Sons, Inc. to Robert L. Steele and Anthony Thomas Peck, Nephi Gypsum Quarry, M/023/011, Juab County, Utah

Dear Mr. Steele:

On March 22, 2000, the Division issued a Notice of Non-Compliance to Robert Steele and Anthony Peck. The response the Division received on May 1, 2000 did not fully address our concerns and to date we have not completed an updated Reclamation Contract or Transfer Document.

On May 11, 2000, the Division conducted an on-site inspection of the Nephi Gypsum Quarry to determine the adequacy of the current plan and reclamation bond estimate. The Division needed to ascertain enough information to generate a more detailed reclamation bond estimate (copy attached). It has been determined that \$32,500 dollars in 2005 dollars will be adequate to reclaim the site. Please review the attached reclamation estimate prepared by Mr. Tony Gallegos of our staff. If you concur with this reclamation estimate, we need to complete the transfer documents from Thomas J. Peck and Sons, Inc. and update the Reclamation Contract with the new operators, Robert L. Steele and Anthony Thomas Peck.

We currently hold a \$36,000 Letter of Credit (LOC) # _____ issued by First Security Bank, which Anthony Thomas Peck posted as reclamation surety for the Nephi Gypsum Mine. If you wish to post another surety with the new amount of \$32,500, please advise us so we can supply you with the correct form. You may choose to leave the existing surety in place.

We have enclosed a Reclamation Contract and Transfer form for your review. The "Surety", "Surety Company" and "Surety Amount" on page 2 of the Reclamation Contract have been left blank until you notify us if you are going to change the form and amount of surety. We would like to arrange a meeting at the Division offices with you, Mr. Peck, Mr. Wayne Hedberg

Mine Site Disturbance and Reclamation Tasks

Nephi Gypsum

M/023/011

last revision - June 6, 2000

- **Top Quarry Highwall** Acreage 0.86
Reclamation: None required unless slope (approximately 65°) is unstable, but highwalls to be broadcast seeded in an attempt to revegetate.
- **Top Quarry Floor** Acreage 0.94
Reclamation: ripping and broadcast seed.
- **Access Road to Top Quarry** Acreage 0.96
(Includes section from top quarry floor to top highwall and down to road section with postmine use.
Reclamation: Regrade to contour; broadcast seed.
- **Old Fines Stockpile** Acreage 1.13
Reclamation: Regrade fines to minimum 3h:1v slope; apply composted manure; rip pad area; broadcast seed.
- **Loop Road - Crushing Area to Old Fines and Back** Acreage 1.03
1,800 ft x 25 ft width
Reclamation: Regrade cut face near crushing area; apply composted manure; rip compacted road surfaces; construct berms/barriers to prevent access; broadcast seed.
- **Lower Quarry Highwalls and Slide** Acreage 3.25
Reclamation: None required unless slope unstable, but highwalls to be broadcast seeded in an attempt to revegetate.
- **Lower Quarry Floor** Acreage 0.56
Reclamation: Construct berms/barriers to prevent access to base of highwall and slide area; apply composted manure; rip pad area; broadcast seed.
- **Gypsum Stockpile Pad** Acreage 1.44
Reclamation: Regrade highwall (~24 feet vertical) to 3h:1v or less (could use remaining stockpile materials if not sold); construct

berms/barriers to restrict access; apply composted manure; rip stockpile pad; broadcast seed.

- **Crushing/Processing Area** Acreage 0.82
Reclamation: Remove equipment; remove debris; break up concrete; regrade area and bury concrete; construct berms/barriers to prevent access; apply composted manure; rip pad area; broadcast seed.
- **Access Road to Lower Quarry thru Crushing Area** Acreage 0.23
400 ft x 25 ft width
Reclamation: Construct berms/barriers to prevent access; apply composted manure; rip; broadcast seed.
- **Access Road to and Around Gypsum Stockpiles** Acreage 0.46
850 ft x 25 ft width
Reclamation: Construct berms/barriers to prevent access; apply composted manure; rip; broadcast seed.
- **Covered Gypsum Storage** Acreage 0.13
Reclamation: Dismantle building; dispose of debris off-site; break up concrete and dispose of off-site; regrade cut slopes to 3h:1v or less; apply composted manure; rip pad; broadcast seed.
- **West Access Road into Site from Highway** Acreage 0.34
600 ft x 25 ft width
Reclamation: Construct berms/barriers to prevent access; apply composted manure; rip; broadcast seed.

Note: Boneyard area on east end was not included in the reclamation plan.
Approximate affected area is 0.52 acres.

Total Affected Acreage 12.15

1	RECLAMATION SURETY ESTIMATE					
2	Thomas J. Peck & Sons / Nephi Limestone		last revision 6-Jun-201			
3	Nephi Gypsum Quarry		filename o:\bond\data\bonding\m23-11a.wb3			
4	M/023/011	Juab County	page "estimate"			
5	Prepared by Utah State Division of Oil, Gas & Mining					
6	Description of Reclamation Tasks Included in This Estimate.					
7	-Acreages based on Division 6/6/00 measurements of map from aerial photo of 4/30/97.					
8	-Top & lower highwalls to remain as is, unless unstable(variance); broadcast seed onto highwall areas.					
9	-Access road to top quarry levels regraded to contour & broadcast seeded.					
10	-Top quarry floor ripped & broadcast seeded.					
11	-East end access road to dam to remain for POST MINE USE; approximately 15 ft wide x 950 ft.					
12	-Old fines stockpile regraded to 3h:1v slopes; create barriers to prevent access; apply composted					
13	manure; rip pile & pad area; broadcast seed.					
14	-Lower quarry floor: create barriers to prevent access to bottom of highwall and slide area; apply					
15	composted manure; rip; broadcast seed.					
16	-Remove crushing & processing equipment; break up & bury concrete; apply composted manure;					
17	rip entire area, broadcast seed.					
18	-Regrade gypsum stockpile bench to 3h:1v; 550 feet x 25 feet high; create barriers to prevent access.					
19	-Stockpile pad area: create barriers to prevent access; apply composted manure; rip; broadcast seed.					
20	-Gypsum stockpile building: dismantle; remove all debris; apply composted manure; rip; broadcast seed.					
21	-Access Roads: construct barriers to prevent access; apply composted manure; rip; broadcast seed.					
22	-Amount of disturbed area receiving reclamation treatments =			12.15 acres		
23	-Estimated total disturbed area for this mine =			12.15 acres		
24	Activity	Quantity	Units	\$/unit	\$	
25	Safety gates, signs, etc. (mtls & installation)	1	sum	200	200	
26						
27	Demolition of gypsum stockpile building	1,000	CF	0.25	250	
28	Debris & processing equipment removal - trucking	5	trips	48	240	
29	Debris & processing equipment removal - dump fees	10	ton	55	550	
30	Debris & processing equipment removal - FE loader	16	hours	176	2,816	
31	Demolition & debris removal - general labor	24	hours	15	360	
32						
33	Regrading crusher/processing areas	0.82	acre	337	276	
34	Ripping crusher/processing areas	0.82	acre	250	205	
35						
36	Regrading old fines stockpile	9,000	CY	0.33	2,970	
37	Ripping old fines stockpile pad	1.13	acre	250	283	
38						
39	Regrading gypsum stockpile bench -550' x 25'	6,000	CY	0.21	1,260	
40	Ripping gypsum stockpile pad	1.44	acre	250	360	
41						
42	Ripping top quarry floor	0.94	acre	250	235	
43	Ripping bottom quarry floor	0.56	acre	250	140	
44						
45	Ripping quarry access roads	2.06	acre	250	515	
46	Creating safety berms at base of highwall & other area	800	LF	0.21	168	
47						
48	Regrading mine access roads - dozer	1.00	acre	337	337	
49	Sidecast mtl replacement on steep roads- trackhoe	2,200	LF	1.09	2,398	
50	Surface drainage restoration or construction	1,000	LF	0.21	210	
51						
52	Composted manure	7.10	acre	300	2,130	
53	Broadcast seeding (~20 lb/acre)	12.15	acre	170	2,066	
54						
55	General site cleanup & trash removal-accessible areas	7.10	acre	50	355	
56						
57	Equipment mobilization	4	equip	1,000	4,000	
58						
59	Reclamation Supervision	8	days	372	2,976	
60			Subtotal		25,299	
61	10% Contingency				2,530	
62			Subtotal		\$27,829	
63	Escalate for 5 years at 3.13% per yr				4,637	
64			Total		\$32,466	
65	Rounded surety amount in yr 2005-\$				\$32,500	
66	Average cost per disturbed acre =				\$2,675	

	RECLAMATION SURETY ESTIMATE <i>Thomas J. Peck & Sons / Nephandstone</i> <i>Nephi Gypsum Quarry</i> M/023/011 Juab County Prepared by Utah State Division of Oil, Gas & Mining	
Note		
(1)	DOGM lump sum assumed	
(2)	Means Heavy Construction Cost Data 1999, 020-604-0100, mix of bldg. types, avg., excluding dump fees	
(3)	Means 1999, 020-620-5100, \$0.48/mile for >8CY truck; assumed 100 miles round trip	
(4)	Means 1999, 020-612-0100, dump charges, typical urban city, tipping fees only, bldg construction mtls	
(5)	Rental Rate Blue Book 3Q/99, Cat 988B, 7CY \$97/hr + \$38.95/hr, & Means 1999, Crew B-10U, loading trucks only \$40.	
(6)	DOGM assumed wage for unskilled general labor	
(7)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 50 ft push, 1 ft depth	
(8)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, multi shank rippers, speed 1.0 mph	
(7a)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 100 ft push	
(8)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, multi shank rippers, speed 1.0 mph	
(7)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 50 ft push	
(8)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, multi shank rippers, speed 1.0 mph	
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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/023/011</u>
(Mineral Mined)	<u>Gypsum</u>
"MINE LOCATION":	
(Name of Mine)	<u>Nephi Gypsum Mine</u>
(Description)	<u>located approximately 2 miles East</u> <u>of the town of Nephi on Highway 132</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>12.15</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Anthony Thomas Peck and</u>
(Address)	<u>Robert L. Steele</u> <u>1075 North 400 East</u> <u>Nephi, Utah 84648</u>
(Phone)	<u>(801) 623-1877</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

Robert L. Steele

(Address)

1075 North 400 East

Nephi, Utah 84648

(Phone)

(801) 623-1877

"OPERATOR'S OFFICER(S)":

Robert L. Steele - Owner

Anthony Thomas Peck - Owner

"SURETY":

(Form of Surety - Attachment B)

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

"ESCALATION YEAR":

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Anthony Thomas Peck & Robert Steele the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/011 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated January 14, 1988, and the original Reclamation Plan dated January 14, 1988. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Anthony Thomas Peck and Robert L. Steele
Operator Name

By Anthony Thomas Peck - Owner
Name and Position

Signature Date

and

By Robert L. Steele - Owner
Name and Position

Signature Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 20____, personally appeared
before me Anthony Thomas Peck and Robert L. Steele
who being by me duly sworn, did say that the said Anthony Thomas Peck
and Robert L. Steele are the Owners of
Nephi Gypsum Mine and duly acknowledged that they executed the
foregoing document.

Notary Public
Residing at: _____

My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Director

_____ Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 20 _____,
personally appeared before me _____, who being
duly sworn did say that he/she, the said _____
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing
document by authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

Anthony Thomas Peck and Robert L. Steele Nephi Gypsum
Operator Mine Name
M/023/011 Juab County, Utah
Permit Number

The legal description of lands to be disturbed is:

S1/2 of the NE1/4 of
Section 3, Township 12 South, Range 1 East
Juab County, Utah

For Division Use:
File No.: M/023/011
Effective Date: _____
DOGM Lead: TM

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

TRANSFER OF NOTICE OF INTENTION
LARGE MINING OPERATIONS

--ooOoo--

1. (a) Notice of Intention to be transferred (file number): M/023/011
(b) Name of mining operation: Nephi Gypsum mine
(c) Location of mining operation (county): Juab County
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):
Thomas J. Peck and Sons, Inc.
415 South 600 East
Lehi, Utah 84043
2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):
Anthony Thomas Peck 76 S 600 E Lehi, Utah (801) 768-3823
Robert L. Steele 1075 N 400 E Nephi, Utah (801) 623-1877
Owners of said property
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:
Robert L. Steele
1075 N 400 E
Nephi, Utah 84648 (801) 623-1877
3. (a) The total disturbed area identified in the approved notice of intention: 12.15
(b) The actual number of acres disturbed by the operation through date of transfer: 12.15

- (c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified.
- 4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC)

STATE OF _____)
) ss.
COUNTY OF _____)

SWORN STATEMENT OF TRANSFEROR

I, Anthony Thomas Peck being first duly sworn under oath, depose and say that I am President (officer or agent) of Thomas J. Peck & Sons, Inc (Corporation/Company Name); and that I am duly authorized to execute and deliver the foregoing obligations; that I have read the said application and fully understand the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief. By execution of this statement I certify that the Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Notice of Intention No. M/023/011.

Signature

Anthony Thomas Peck
Name (type or print)

President
Title

Subscribed and sworn before me this _____ day of _____, 20_____.

Notary Public
Residing at: _____

My commission Expires:

_____, 20_____.

STATE OF _____)
) ss.
COUNTY OF _____)

FINAL SWORN STATEMENT OF TRANSFEREES

We, Anthony Thomas Peck and Robert L. Steele
being first duly sworn under oath, depose and say that we are the owners of
the Nephi Gypsum Mine and that we are duly authorized to execute and deliver the
foregoing obligations; that we have read the application and fully understand the contents thereof; that
all statements contained in the transfer application are true and correct to the best of our knowledge and
belief. By execution of this statement, the Transferees agree to be bound, jointly and severally, by the
terms and conditions of Notice of Intention No. M/023/011, the Utah Mined Land Reclamation Act,
and the Rules and Regulations promulgated thereunder.

Signature

Signature

Name (type or print)

Name (type of print)

Title

Title

Subscribed and sworn before me this _____ day of _____, 20_____.

Notary Public
Residing at: _____

My commission Expires:

_____, 20_____.

CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A."
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A."

COMMENTS:

This transfer binds the operator, Anthony Thomas Peck and Robert L. Steele, both jointly and severally responsible for the continued mining and reclamation of this mining operation.

APPROVED: _____

Lowell P. Braxton, Director
Division of Oil, Gas and Mining

Effective Date: _____

NOI No.: _____

APPENDIX "A"

Anthony Thomas Peck & Robert L. Steele Nephi Gypsum
Operator Mine Name
M/023/011 Juab County, Utah
Permit Number

The legal description of lands to be disturbed is:

S1/2 of the NE1/4 of
Section 3, Township 12 South, Range 1 East
Juab County, Utah